

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6630

BILL NUMBER: HB 1348

NOTE PREPARED: Jan 13, 2013

BILL AMENDED:

SUBJECT: Administration of Scholarships and Grants.

FIRST AUTHOR: Rep. Dermody

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *Academic Term* - This bill makes changes to the definition of "academic term".

Schedule of Awards - The bill provides that, beginning on September 1, 2014, the Commission for Higher Education (Commission) shall annually publish a schedule of award amounts for the Frank O'Bannon grant and the Twenty-First Century Scholars Program (jointly referred to as an "Award") based on a recipient's expected contribution.

Award Determination - The bill provides that the method currently used to determine an award amount expires September 1, 2014. It provides that, beginning September 1, 2013, the Commission may offer award incentives based on a student's school performance.

Frank O'Bannon Grant Eligibility- The bill provides that an individual is not eligible for a Frank O'Bannon Grant if the individual is eligible to receive a Twenty-First Century Scholarship or a National Guard Grant.

Length of Awards -The bill provides that the limit on eligibility for an award is four academic years. (Current law provides that the limit for eligibility is eight semesters or 12 quarters.)

Grade Point Average - The bill makes changes to the grade point average requirements for students who receive a Higher Education Award or participate in the Twenty-First Century Scholars Program.

Repealers - The bill repeals provisions relating to:

1. The duties of the Indiana College Placement and Assessment Center; and

2. A requirement that the Commission shall provide a statistical report that describes Twenty-First Century Scholar Awards.

The bill makes conforming amendments.

Effective Date: July 1, 2013; September 1, 2013.

Explanation of State Expenditures: *Academic Term* - The change to the definition of academic term should have no fiscal impact.

Length of Awards - The change from 8 semesters or 12 quarters to 4 academic years would help accommodate schools that have other length of school academic years. The 4 academic years would not have to be consecutive so there is probably no fiscal impact.

Frank O'Bannon Grant Eligibility- The bill would not allow a student to receive Frank O'Bannon Grant if the individual is eligible to receive a Twenty-First Century Scholarship or a National Guard Grant. The bill would have the cost of the Twenty-First Century Scholarship Program or a National Guard Grant Program to be accurately reflected in the budget process. Currently the Frank O'Bannon Grant provides funding first and then the Twenty-First Century Scholarship or a National Guard Grant provides additional funding to pay the full cost of tuition and fee. This budgeting method understates the cost of Twenty-First Century Scholarship Program and the National Guard Grant Program and overstates the cost of the Frank O'Bannon Grant Program. The student would still be eligible for the same benefits but the costs would be accounted for in the proper program. The provision should have no fiscal impact.

Schedule of Awards - The Commission for Higher should be able to annually publish a schedule of award amounts for the Frank O'Bannon grant and the Twenty-First Century Scholars Program based on a recipient's expected contributions within their current resources.

Award Determination - The bill provides the Commission with the flexibility to set the scholarship awards at a level that does not overspend the appropriation set by the General Assembly. The changes in the award calculation will take place with FY 2015.

The following is the estimated potential saving to the Frank O'Bannon Grant Program as estimated by the Commission for Higher Education's Division of Financial Aid. The estimates for 2015 are based on the following assumptions:

1. For the base award, the award levels are consistent with those under the current law.
2. The academic honors incentive is for freshmen and grandfathered students only, and is valued at \$800. It is estimated that 5,800 freshmen and about 10,000 grandfathered students will receive this incentive.
3. The GPA incentive is valued at \$800.
4. The Associated Degree Incentive is valued at \$800.
5. The Acceleration Incentive is valued at \$1,300.

Frank O'Bannon Grant	Proposed Change	Current Law	Difference
Base Award	\$114.1 M	\$155.5 M	-\$41.4 M
Academic Honors Incentive Bonus	\$6.9 M	\$12.7 M	-\$5.8 M
GPA Incentive Bonus	\$4.5 M	N/A	\$4.5 M
Associate Degree Incentive Bonus	\$0.3 M	\$0.6 M	-\$0.3 M
Acceleration Incentive Bonus	\$0.5 M	N/A	\$0.5 M
Total	\$126.3 M	\$168.8 M	-\$42.5 M

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Commission for Higher Education.

Local Agencies Affected:

Information Sources: Division of Financial Aid of Commission for Higher Education.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.